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SUBJECT: IPR LITIGATION IN TAIWAN: CONFERENCE HIGHLIGHTS
AREAS FOR CHANGE

[11.](#) (U) Summary: A three-day seminar for Judicial Yuan employees sponsored by the AIT Public Affairs Section brought a U.S. District Court Judge, U.S. Department of Justice Prosecutor, and an experienced U.S. legal advisor to discuss U.S. practice in intellectual property cases and offer advice on ways to improve Taiwan's legal protection of IPR. Comments and questions by participating members of the Taiwan judiciary illuminated the differences between Taiwan's resolution of IPR disputes through criminal courts, and resolution of IPR cases through the civil justice system in the U.S. Panelists emphasized the need for efficient and fair consideration of cases to provide the best possible protection for IPR. The discussions highlighted the need for Taiwan's planned IPR Court to handle administrative, civil, and criminal cases if it is to serve as an effective legal venue for the protection of intellectual property rights. End summary.

[12.](#) (U) AIT's Public Affairs section hosted over 100 judges, attorneys, prosecutors, and legal scholars for a conference on U.S. IPR enforcement, litigation, and case management at the Judicial Yuan's Institute for Judicial Professionals January 26-28 2005. Speakers included Steven Mayo, Director of the Institute for Study and Development of Legal Systems (ISDLS), Judge Jeremy Fogel, U.S. District Court, Northern California, and Chris Sonderby, Director of the Computer Hacking and IP (CHIP) Unit, U.S. Department of Justice, San Jose. The purpose of the conference was to demonstrate how U.S. experts deal with IPR cases and offer suggestions for reform to Taiwan's judiciary as it aims to improve its ability to handle IPR disputes. Topics addressed include elements of successful civil and criminal IPR enforcement, strategies for reducing case loads through effective alternative dispute resolution (ADR) while still providing strong protection for IPR, and techniques for shortening the length of time required to resolve an IPR dispute through effective case management.

Defining successful IPR enforcement

[13.](#) (U) Judge Fogel opened the conference with an overview of the U.S. approach to resolving IPR cases, pointing out that IPR cases are usually handled in civil courts, rather than criminal courts as in Taiwan. Fogel identified the key elements of successful civil enforcement of IPR, including quick access to the courts, provisional remedies including civil injunctions, an educated judiciary, technical expertise, enforcement of judgments, a quick appeals process, efficient case management, and an appropriate discovery process. He further explained that effective criminal prosecution requires technical training for prosecutors and judges, appropriate and consistent penalties, pre-trial case management, and victim assistance. Fogel stressed that whether applying a civil or criminal approach, the goal should be effective and timely resolution of cases, and enforcement of judgments. To achieve these goals, Fogel argued that courts must devote their capital and human resources to the IPR cases that pose the greatest threats to the economy and/or public welfare, while resolving smaller disputes through alternative mechanisms.

[14.](#) (U) Prosecutor Chris Sonderby cited examples from the San Jose CHIP Unit to illustrate ways in which the local high tech industry, judges, prosecutors, victims, and investigators cooperate to reduce the time needed to bring IPR and computer hacking cases to resolution. Sonderby explained that the CHIP unit works closely with Silicon Valley companies, meeting regularly to discuss recent IPR and computer related criminal activity. These discussions have facilitated an understanding with the private sector of the types of cases the CHIP unit is able to prosecute. Sonderby stated that CHIP Unit prosecutors also improve efficiency by collaborating with investigators and victims early in the investigation process to anticipate evidentiary problems and build better cases. He echoed Fogel's views, explaining that CHIP prosecutors devote their time to prosecuting the most egregious IP and computer crimes. Sonderby explained that in the U.S. by bringing only major crimes to trial, judges' time is spent on cases that will result in more severe sentences and greater media attention. Such cases, he explained, are likely to serve as examples to society and have a greater

deterrent effect on IPR and computer crime. He stated that in the long run, "it is not the amount of prosecution, but the rate of successful prosecution" that will have the greatest impact on society. In contrast to the Taiwan system, where virtually every IP related case is brought in the criminal court, less egregious cases in the U.S. are typically brought as civil suits and most often settled before they reach a hearing.

Participant reactions -----

15. (U) Participants in the conference ranged from recently appointed judges to senior members of Taiwan's judiciary. Their questions focused heavily on procedural issues. Several judges inquired about tutorials and training held for judges handling cases that involve unfamiliar technology. Others asked about how the courts attract good mediators and neutral evaluators to handle Alternative Dispute Resolution (ADR). Additional questions addressed concerns about enforcement of civil settlements, the civil appeals process, differences between state and federal procedures, and the standards for determining which IPR cases will be prosecuted.

16. (U) When asked by the ISDLS team about Taiwan's rationale for handling IPR cases through the criminal justice system, participants shared a variety of opinions. One judge commented that in Taiwan, IPR cases are best resolved through criminal prosecution for two reasons. First, he stated that it is the most effective way for judges to collect the evidence needed to resolve the case. In the absence of criminal charges, he explained, it is much more difficult to collect the evidence required to present a strong case. Second, he argued that there is no incentive for prosecutors to reduce case loads for judges. Another senior judge agreed that prosecutors need to focus their efforts on major IPR infringements, expending less effort on smaller cases.

17. (U) On the other hand, the same judge also noted that by resolving IPR violations through the criminal, rather than civil, system, Taiwan is demonstrating the seriousness of its commitment to IPR enforcement. In fact, by trying these cases in the criminal system, he argued, Taiwan has an even stronger enforcement regime than that of the U.S. He stated that Taiwan is very concerned about its Special 301 status and argued that by prosecuting all IPR violators in criminal courts, Taiwan has shown that it will not tolerate IPR infringement. The judge further explained that a decision by the Judicial Yuan to handle IPR cases through the civil justice system or ADR may be unpopular in Taiwan, and worse yet, it could have a negative effect on foreign perception of Taiwan's IPR environment. A senior prosecutor agreed, noting that the U.S. would likely reconsider its recent decision to remove Taiwan from the Special 301 Priority Watch List if fewer cases were being tried in the criminal courts.

Comment -----

18. (U) Over the past two years, Taiwan has markedly improved its ability to protect IPR. Additional enforcement task forces and tougher laws have allowed Taiwan to slip off USTR's Special 301 Priority Watch List. However, the judicial process remains a weakness in Taiwan's IPR protection system. The lack of credible civil or administrative proceedings means that virtually every case goes through the criminal courts. Judges and prosecutors must devote limited time and resources to trying cases that would be fairly settled through alternative means in the U.S. Although Taiwan judges argue that handling IPR cases through criminal courts demonstrates Taiwan's commitment to IPR protection, the current approach ensures neither timely resolution of cases nor effective enforcement of judgments. The large number of criminal IPR cases, many of which involve relatively small levels of infringement, place a tremendous burden on an already overworked judiciary and do nothing to compensate rightsholders. Despite newly adopted minimum sentencing requirements, Taiwan's criminal sentences for minor IPR infringements are a questionable deterrent. Companies that have lost revenue or whose reputations have been damaged due to IPR infringements, must subsequently file an expensive civil suit in order to receive damages compensation. In these types of cases, the civil suit is usually resolved only months or years after the initial criminal judgment, and in many cases, the civil judgment is not properly enforced. Such inefficiencies have reduced the international business community's confidence in the civil courts' ability to successfully enforce IPR in Taiwan.

19. (U) Taiwan's Judicial Yuan is currently developing plans to establish a special IP court. This presents a unique opportunity for Taiwan to develop a more effective framework for IPR enforcement. The appointment of judges with appropriate training in IPR law and current technology will

lend credibility to the court's decisions. Judges with experience in IPR will be better equipped to resolve cases in an efficient and fair manner. Such benefits will not be realized, however, unless Taiwan adopts measures to allow some smaller IPR cases to be fairly handled outside the courtroom. Taiwan legal experts are currently debating whether this new court will hear just administrative and civil cases, or whether criminal IPR cases will also be decided by the court. To be effective in the Taiwan legal environment, an IP court must be capable of handling all three types of cases with minimal delays between criminal and civil trials. Combining all types of cases in one court could improve the administration and enforcement of non-criminal judgments and might lead to credible alternatives for plaintiffs who are now forced to seek redress in the criminal courts. In addition, Taiwan's IP court must be prepared to allocate sufficient judicial resources to the cases that have the greatest impact on Taiwan's larger IP environment. The potential for mediation, arbitration, pre-trial conferences and other forms of ADR to improve Taiwan's ability to mete out punishment to smaller violators should not be dismissed. AIT plans to play a role in facilitating training for Taiwan's judiciary as plans for the IP court become more concrete. Participants in this conference appeared eager to part with the burden of criminal trials for minor IPR infringements. Whether prosecutors and members of the IT industry are willing to accept this new approach remains to be seen.

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